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Eastern District of California

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**OWNER, EMPLOYEES AND CUSTOMERS OF ELK GROVE'S LIBERTY
MORTGAGE COMPANY INDICTED FOR ROLES IN MULTI-MILLION DOLLAR
MORTGAGE SCAM**

SACRAMENTO, Calif. — United States Attorney Benjamin B. Wagner announced that last Thursday a federal grand jury returned a 48-count indictment charging 10 defendants with conspiracy to commit mortgage fraud, mail fraud, and making false statements in mortgage applications to federally insured banks. The indictment was unsealed yesterday.

The defendants are as follows:

Hoda Samuel, 58, of Elk Grove,
Connie Devers, 40, of Elk Grove,
Dana Faulkner, 43, of Oakland,
Charles Robert Maness, 32, of Elk Grove,
Tracy Painter, 50, of Lodi,
Sean Patrick Gjerde, 34, of Elk Grove,
Ronald Burris, 36, of Elk Grove,
Ygnacia Bradford, 34, of Oakland,
Nicole Dawson, 40, of Oakland, and
Daniel Harrison, 40, of San Diego.

This case is the product of an extensive investigation by the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation. Assistant United States Attorney Philip Ferrari is prosecuting the case.

According to the indictment, Hoda Samuel, a licensed real estate broker, was the head of two Elk Grove companies engaged in residential real estate transactions: Liberty Real Estate and Investment Company and Liberty Mortgage Company. From April 2006 through February 2007, Liberty was involved in approximately 30 residential real estate transactions in which the mortgage lenders were given false information as to the income of the purchasers and/or the value of the homes being purchased. At least 28 of the properties have since gone into foreclosure, resulting in a loss to lenders of over 5.5 million dollars.

As part of the scheme, conspirators at Liberty Mortgage Company prepared loan applications for borrowers that contained false employment information and inflated income. Connie Devers and Dana Faulkner, both of whom were unlicensed by the Department of Real Estate, would help prepare such loan applications. When a mortgage lender would attempt to verify this information by calling the purported employer, the lender often spoke to a Liberty employee or associate who falsely verified the information. Ygnacia Bradford, Tracy Painter and Nicole Dawson are all alleged to have provided false verifications of information in loan applications to lenders. On more than one occasion, such false verifications were provided by Sean Gjerde, an Elk Grove attorney, who wrote letters to lenders falsely claiming to have

prepared tax returns for individual purchasers and falsely verifying the employment information in their applications.

The indictment alleges that Liberty typically offered sellers \$15,000 to 40,000 more than the asking prices for properties. At times the purchase agreements would come with addendums that called for the difference between the two prices to be diverted at closing to contracting companies so that the homes could be remodeled and rendered compliant with the Americans with Disabilities Act. Charles Robert Maness, a licensed real estate broker with Liberty, is charged with falsely assuring a seller's agent that a particular transaction was financed by a special program for persons with disabilities to make changes to their homes. In fact, such remodeling was seldom if ever done, and the payments were funneled indirectly back to Liberty clients. Because the addendums calling for these payments were usually withheld both from appraisers and mortgage lenders, the lenders were typically unaware that the true purchase price for each property was below the total amount funded by the lender.

Of the 30 properties that are the subject of the indictment, 20 of them were purchased by buyers who bought more than one residence, representing that they intended to live in each. Ronald Burris Jr. bought three properties over the 11-month period. When a single purchaser bought more than one residence, Liberty would typically arrange for the transactions to be handled by separate title companies, and submit the loan applications to separate mortgage lenders. In addition, the purchases would be scheduled to occur close in time to each other so that one purchase would not appear in a credit report run in connection with a subsequent purchase.

The maximum statutory penalty for mortgage fraud committed through use of the mails is a sentence of 20 years in prison. The actual sentences, however, will be determined at the discretion of the court after consideration of any applicable statutory factors and the Federal Sentencing Guidelines, which take into account a number of variables. The charges are only allegations and the defendants are presumed innocent until and unless proven guilty beyond a reasonable doubt.

In a separate mortgage fraud case, the US Attorney's Office arrested two defendants in Kern County. The defendants, Eric Ray Hernandez, 34, Monica Marie Hernandez, 29, and Evelyn Brigget Sanchez, 27, all of Bakersfield, were charged in an indictment returned last Thursday by a federal grand jury in Fresno. The defendants made their initial appearances before a U.S. Magistrate Judge in Fresno yesterday. That case was investigated by the FBI and the IRS, Criminal Investigation, and is being prosecuted by Assistant US Attorney Kirk Sherriff.

This law enforcement action is part of the work being done by President Barack Obama's Financial Fraud Enforcement Task Force. President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. One component of the FFETF is the national Mortgage Fraud Working Group, co-chaired by U.S. Attorney Wagner. For more information on the task force, visit StopFraud.gov.

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